

Message Text

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66

ACTION XMB-07

INFO OCT-01 ARA-11 ADP-00 EB-11 COME-00 AID-20 OPIC-12 L-03

TRSE-00 OMB-01 FRB-02 CIAE-00 INR-10 NSAE-00 RSC-01

CEA-02 CIEP-02 RSR-01 /084 W
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R 051720 Z JUL 73

FM AMEMABASSY BOGOTA

TO SECSTATE WASHDC 8276

INFO AMEMBASSY LIMA

LIMITED OFFICIAL USE BOGOTA 5488

E. O. 11652: N/A

TAGS: EIND, EFIN - CO

SUBJECT: FIAT WILL ENTER COLOMBIA

REF: BOGOTA' S A-46, MARCH 21, 1973

1. THE MANAGER OF IFI, THE GOVERNMENT FINANCE CORPORATION, HAS ANNOUNCED HE HAS RECEIVED A LETTER FROM FIAT IN WHICH FIAT STATES ITS ACCEPTANCE IN PRINCIPLE OF THE TERMS PROPOSED FOR ITS ENTRY INTO COLOMBIA. FINAL CONTRACT NEGOTIATIONS WILL BEGIN SOON. A NEW CORPORATION WILL BE FORMED WHICH WILL MANAGE FORJAS DE COLOMBIA, A VIRTUALLY BANKRUPT STEEL FORGING PLANT, AND WILL TAKE OVER THE ASSETS OF LEONIDS LARA E HIJOS, THE SECOND LARGEST VEHICLE ASSEMBLER IN COLOMBIA. THE STOCK SPLIT IS: 30 PERCENT IFI, 30 PERCENT, 30 PERCENT LARA, AND 10 PERCENT DIVIDED AMONG VARIOUS PRIVATE FINANCE CORPORATIONS. THE NEW CORPORATION WILL ASSEMBLE FIAT 128 AUTOMOBILES AND FIAT TRUCKS IN THE LARA PLANT. PLANNED AUTOMOBILE PRODUCTION FIGURES ARE: 1270 IN 1973, 3,000 IN 1974, AND 4,500 IN 1975. ASSEMBLY OF 3 TO 10 TON FIAT DIESEL TRUCKS: 1,400 IN 1973, 2,050 IN 1974, AND 2,420 IN 1975.

2. LOCAL REP OF INTERNATIONAL HARVESTER TOLD EMBOFF IT IS CLEAR THAT FIAT WILL NOT PERMIT ASSEMBLY OF IH VEHICLES ONCE
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THE PRESENT LARA PLANT IS TAKEN OVER BY THE NEW CORPORATION,
AND FULL SCALE ASSEMBLY OF FIAT VEHICLES BEGINS. IH BELIEVES
ASSEMBLY OF THEIR MEDIUM WEIGHT TRUCKS WILL CONTINUE 10 MORE
MONTHS, WITH TWO MORE YEARS OF ASSEMBLY OF IH PICK-UPS. IH
VERY MUCH WANTS TO SELL ALL THE VEHICLES IT POSSIBLE CAN UNTIL
FIAT EXCLUDES IT. IH IS CONCERNED THAT EXIMBANK WILL NOT
RENEW THE LINE OF CREDIT TO LARA. EXIMBANK CAN EXPECT
REPRESENTATIONS

FROM IH. THE EMBASSY HOPES THAT AFTER A HARD LOOK AT THE NEW
ARRANGEMENT, EXIMBANK WILL FIND IT SAFE TO CONTINUE FINANCING
IH VEHICLES ASSEMBLED IN COLOMBIA.
SACCIO

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NNNNMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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